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DATE: 03 JAN 2004

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TO: MR. THOMAS M. DORMAN
EXECUTIVE DIRECTOR
PUBLIC SERVICE COMMISSION
CASE NO. 2003-00433
211 SOWER BOULEVARD
P.O. BOX 615
FRANKFORT KY 40602-0615

PUBLIC SERVICE
COMMISSION

ENCLOSURE :

1. LEXINGTON HERALD LEADER 25 NOV 2003 NEWS ARTICLE.

I REQUEST FULL INTERVENTION IN PSC CASE NO. 2003-00433, WHICH CONCERNS, AMONG OTHER ISSUES, A PROPOSED RATE INCREASE OF LOUISVILLE GAS AND ELECTRIC COMPANIES ELECTRIC RATES BY TWELVE PERCENT AND THE POSSIBLE MODIFICATION OF THE ESM .

I AM AN ELECTRIC ONLY RESIDENTIAL CUSTOMER OF LG&E. I HAVE BEEN PREVIOUSLY GRANTED FULL INTERVENTION IN THE FOLLOWING PSC CASES:

1. 98-426 PBR.
2. 2000-095 POWERGEN MERGER.
3. 2000-080 GAS INCREASE.
4. 2000-386 POLLUTION EQUIPMENT.
5. 2001-104 E.ON.
6. ADMINISTRATIVE 387 KY ADEQUACY OF GENERATION & TRANSMISSION.
7. 2001-323 HOME ENERGY ASSISTANCE.
8. 2002-00147 POLLUTION EQUIPMENT.

I FEEL THAT I HAVE A SPECIAL INTEREST IN THIS PROCEEDING WHICH IS NOT OTHERWISE ADEQUATELY REPRESENTED. I REPRESENT THE CONCERNS OF AN ELECTRIC RESIDENTIAL CUSTOMER. THE ATTORNEY GENERALS' (AG) OFFICE REPRESENTS ALL CLASSES OF CUSTOMERS. I HAVE TAKEN DIFFERENT POSITIONS ON ISSUES THAN THOSE OF THE AG AND OTHER INTERVENORS. ACCORDING TO A 25 NOV 2003 LEXINGTON HERALD LEADER ARTICLE, THE LEXINGTON COMMUNITY ACTION COUNCIL STATED THEY WOULD BE LIKELY INTERVENORS. (MADISON ENCLOSURE 1) I HAVE TAKEN DIFFERENT POSITIONS THAN LOW INCOME ADVOCATES IN PREVIOUS CASES. KIUC HAS REQUESTED INTERVENTION IN THIS CASE. I HAVE TAKEN DIFFERENT POSITIONS THAN THOSE PROPOSED BY INDUSTRIAL CUSTOMERS IN PREVIOUS CASES. THIS CASE HAS MANY OF THE SAME ISSUES AS 98 - 426 AND 2000 - 080.

I AM LIKELY TO PRESENT ISSUES OR DEVELOP FACTS THAT WILL ASSIST THE PSC WITHOUT COMPLICATING OR DISRUPTING THE PROCEEDINGS. IN PREVIOUS PSC CASES I HAVE PARTICIPATED IN DATA REQUESTS, PRESENTED WRITTEN AND ORAL TESTIMONY, ASKED QUESTIONS AT THE HEARINGS AND FILED BRIEFS.

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I CERTIFY THAT ON 03 JAN 2004, COPIES OF THIS LETTER AND ENCLOSURE WERE MAILED CERTIFIED TO THE PSC, REGULAR MAIL TO:

LOUISVILLE GAS & ELECTRIC
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SINCERELY,



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Posted on Tue, Nov. 25, 2003

HERALD-LEADER

KU, LG&E plan rate hikes

LOCAL RESIDENTS WOULD PAY AVERAGE OF \$5 MORE A MONTH

By Jim Jordan
HERALD-LEADER BUSINESS WRITER

Kentucky Utilities and Louisville Gas & Electric alerted state regulators yesterday that, due to rising costs, they plan to seek a trio of rate increases that could cost customers \$149 million annually.

KU and LG&E are owned by Germany's E.ON, the world's largest investor-owned utility company.

In its first rate case in 20 years, Lexington-based KU said it wants a 9-percent, or \$62 million, increase that would cost a typical residential electricity customer \$5 more a month.

Louisville-based LG&E, in its first rate case in 13 years, said it will request a 12 percent, or \$67 million, increase in electricity rates. A typical LG&E residential customer would pay \$7 more a month, the company said.

Meanwhile, LG&E gas customers face a 6 percent, or \$20 million, rate hike that could cost a typical customer \$6 more a month.

The requests will face opposition.

Lexington's Community Action Council said yesterday it will intervene on behalf of low-income customers. Other groups, representing cities and large industrial customers, expressed concern about the requests but stopped short of saying they would intervene.

The numbers released yesterday by KU and LG&E are estimates and could change when the rate cases are filed, the utilities said.

State has lowest energy rate

KU and LG&E filed notices of intent yesterday with the Kentucky Public Service Commission and said they plan to file formal rate increase requests, probably on Dec. 29.

The PSC has 10 months from the formal filing to hold public hearings and rule on the requests, said PSC spokesman Andrew Melnykorych.

"We have, in my mind, spoiled our customers" by expanding service and not raising rates earlier, said LG&E spokesman Chip Keeling. But rate cases are expensive and a distraction for management, he said.

The utilities could put the increases into effect on July 1 without PSC action because the utilities are basing their requests on an already completed test year that ended Sept. 30, Melnykorych said.

In that event, refunds would be made if the PSC did not approve the full request, he said.

KU and LG&E said they are asking for the increases to offset rising business costs, including health insurance premiums and pensions for employees, and higher costs for maintaining and expanding gas and electricity distribution systems.

Both utilities said rates are lower than they were when their last rate increase was granted because of reductions made in 2000 -- \$30 million by KU and \$26 million by LG&E -- following the acquisition of KU by LG&E's parent company, LG&E Energy Corp., in 1998.

If the proposed increases are granted in full, the utilities said Kentucky still will have the lowest average cost per kilowatt hour of electricity -- 4.68 cents -- of any nearby state and of at least 47 other states. The national average is 8.62 cents per kilowatt hour.

Cities have "given up a lot"

Cheap electricity has "always been Kentucky's ace in the hole," said Sylvia Lovely, executive director of the Lexington-based Kentucky League of Cities.

The league has "deep concern" about the effects of the proposed increases on economic development and might intervene to oppose the increases during PSC hearings, Lovely said.

Many cities lost KU or LG&E offices after LG&E acquired KU, she added. "We feel like we have given up a lot already."

Other likely intervenors include the Kentucky Attorney General, Kentucky Industrial Utilities Customers and the Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas counties.

"The Community Action Council is very concerned and we plan to intervene on behalf of our low-income population," said Klyon Massey, community development specialist.

Bruce Edwards, spokesman for Lexington Mayor Teresa Isaac, said the mayor and Urban County Government officials will review the KU case in coming weeks to determine if the city should intervene.

Mike Kurtz, spokesman for Kentucky Industrial Utilities Customers, which represents major electricity users in the state, declined comment until the actual rate request is filed next month.

KU has 476,819 customers in 77 Kentucky counties, plus 29,582 customers in five Virginia counties served by its Old Dominion Power subsidiary.

LG&E has 384,812 electricity and 311,803 natural gas customers in Louisville and 16 surrounding counties.

Reach Jim Jordan at (859) 231-3242 or 1-800-950-6397, Ext. 3242, or jjordan1@herald-leader.com.

**MADISON ENCLOSURE 1
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